00020.900030 :asb; Ord. A 11/14/06

ORDINANCE NO. 2318

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, AMENDING SECTION 5.04.080 OF THE REDMOND MUNICIPAL CODE INCREASING BUSINESS LICENSE FEES; MAKING OTHER MODIFICATION FOR EFFECTIVE ADMINISTRATION; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, chapter 35A.82 RCW authorizes the city to require business licenses and to impose business license fees for the purpose of regulation and revenue; and

WHEREAS, the city has determined that an increase in business license fees is necessary in order to provide additional revenue for general operations and the transportation capital improvement program; and

WHEREAS, the city desires to make an additional amendment to the business license requirements in order to increase the effectiveness of administration; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. <u>Business License Fees</u>. Section 5.04.080 of the Redmond Municipal Code is hereby amended to read as follows:

5.04.080 Fees - Payment.

(a) Standard Fee Method. Except as otherwise provided by this chapter, every person engaging in business within the city shall pay an annual business license fee based upon the number of employee hours worked in Redmond during the previous year. Annual employee hours are calculated based on the sum of the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year. It will be the responsibility of the employer to

determine the number of hours worked within the city from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of hours worked within the city and demonstrate, if required, to the satisfaction of the Finance Director or his/her authorized agent, that the number of employee hours worked is correct.

- (1) The annual license fee (base fee and surcharge) shall be calculated by multiplying the number of employee hours worked in Redmond by an hourly rate. The approved tax rate per full-time employee is \$0.046875 (which represents a base fee multiplier of \$0.018229 per employee hour worked and surcharge multiplier of \$0.028646 per employee hour worked), as may be adjusted herein. Employers without a full year history would need to estimate the number of employee hours that will be worked in the current calendar year.
- (2) If a business has more than one location in Redmond the annual business license fee calculation must include annual employee hours at all locations.
- (b) Alternative FTE Method. A business may choose to calculate its annual license fee based on the number of its employees. The number of employees shall be based on the sum of the employees in the four quarterly reports submitted to the Washington State Department of Labor and Industries for the previous year divided by four. It will be the responsibility of the employer to determine the number of employees working within the city from these reports. Businesses that did not file quarterly reports with the Washington State Department of Labor and Industries shall determine the number of employees working in the city and demonstrate, if required, to the satisfaction of the Finance Director or his/her authorized agent, that the number of employees is correct. Employers without a full year history would need to estimate the number of employees that will work in the city for the current calendar year.
- (1) Under the FTE method the license fee shall be calculated by multiplying the number of employees by \$90.00 (a base fee of \$35.00 per full-time employee and a surcharge of \$55.00 per full-time employee), as may be adjusted herein.
- (2) Once the FTE methodology has been selected, it must be used for future renewals.
- (3) Businesses with more than one location must use the same method of calculation for all locations.
- (4) For businesses with employees who work less than 1,920 hours per year (the work hour figure used by the Washington Department of Labor and Industries) the total number of hours worked by all such employees during the four quarters of the previous year shall be added together and divided by 1,920 to determine the FTE equivalency.
- (5) It will be the responsibility of the business to determine the total number of FTE's (or equivalency) and demonstrate, if required, to the satisfaction of the Finance Director or his/her authorized agent, that the calculation is accurate.
- (d) If at any time during the year it appears that the number of employee hours worked or if using the FTE method the number of employees was under-reported at the time of application or renewal, an additional license fee and a penalty on the additional license fee shall be due. The penalty shall be equal to twenty percent

(20%) per annum of the additional fee, plus any accounting, legal, or administrative expenses incurred by the city in determining the under-reporting or in collecting the tax and penalty.

- (e) The license fee for a business required to be licensed under this chapter and not located within the city's corporate limits shall be calculated based upon the number of employee hours worked within the city, but in no event shall the license fee be less than the minimum fee set forth in this chapter. If the number of employee hours worked is not known at the time of renewal, the business shall estimate the maximum number of employee hours they anticipate using in Redmond during the year.
- (f) Businesses doing business in the city that have no employees physically working within the city shall pay the minimum license fee required under this chapter.
- (g) The minimum fee for any license issued under this chapter shall be \$90.00 (a base fee of \$35.00 and a surcharge of \$55.00), as may be adjusted herein.
- (h) The annual license fee shall become due and payable on January 1st of each calendar year. The business license fee shall not be prorated for any part of any year.
- (i) A licensee may request that the city refund that portion of the annual business license overpaid on the basis that the business miscounted the number of employee hours worked or the number of employees. The request must be in writing and the city must receive the request and all supporting payroll documentation no later than 60 days after the end of the licensee's fiscal year in which the error was made. If the Finance Director is satisfied that the business paid an excess business license fee, then the city will refund the excess fee paid by the business during either the current calendar year or one prior calendar year.
- (j) Payment made by draft or check shall not be deemed a payment of the fee unless and until the same has been honored in the usual course of business, nor shall acceptance of any such check or draft operate as an acquittance or discharge of the fee unless and until the check or draft is honored. Any person who submits a business license fee payment by check to the city pursuant to the provisions of this chapter shall be assessed a NSF fee set by the Finance Director if the check is returned unpaid by a bank or other financial institution for insufficient funds in the account or for any other reason.
- (k) If any person required by the terms and provisions of this chapter to pay a license fee for any period fails or refuses to do so, he shall not be granted a license for the current period until the delinquent license fee, together with penalties, has been paid in full. Any license fee due and unpaid under this chapter and any penalties thereon shall constitute a debt to the city and may be collected in court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction,

such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance, being an administrative action, is not subject to referendum and shall take effect and be in full force five (5) days after its passage and publication of a summary as provided by law.

CITY OF REDMOND

MAYOR ROSEMARIE IVES

ATTEST/AUTHENTICATED:

CLERK, MALISA FILES

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY:

By:

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

SIGNED BY THE MAYOR:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NO. 2318

December 15, 2006

December 19, 2006

December 19, 2006

December 25, 2006

December 30, 2006